

Annual Report

LIVITA
GRIMSTAD
IMO 9801299





Contents

5	Message from the Chairman
6	The J.J. Ugland Companies - AS Uglands Rederi
8	The Board of Director's Report
15	Income statement
16	Balance sheet
18	Cash flow statement
19	Notes
27	Auditor's Report
29	Operated Fleet
32	FK Jerv promoted to Norwegian Premier League
35	Corporate Social Responsibility
37	Contact details

THE OBJECTIVE OF THE J.J. UGLAND
COMPANIES IS TO CONDUCT BUSINESS IN
A SUSTAINABLE AND PROFITABLE MANNER
THAT SECURES EMPLOYMENT AND CREATES
CONFIDENCE AND TRUST AMONG PARTNERS,
CUSTOMERS AND FINANCIAL INSTITUTIONS



Message from the Chairman

After the booming shipping markets in 2004-2008, and a temporary bounce back a year later, J.J. Ugland left behind a financially strong group of companies when he passed away in March 2010. Pursuant to his will, the Ugland farm and the J.J. Ugland companies were inherited by his then 23 years old grandson Knut N.T. Ugland, subject to his ownership interests being managed by a supervisory board chaired by the undersigned as his trustee, until he reached the age of 35. In accordance with J.J. Ugland's instructions, I also stepped up as Chairman of Uglands Rederi, and Øystein Beisland, member of the supervisory board, stepped up as President of the company when Hans Ivar Vigen retired a few months later.



There is a saying from ancient Egypt that seven good years are followed by seven bad years and so on. Similar cycles are common in most shipping markets although the length of the cycles may vary. With a few exceptions, the bulk shipping market was weak and challenging during the period 2011-2020. But with our experienced and dedicated management and good seamen, we were able to maintain our quality shipping philosophy and generate sustainable earnings by securing charters at every small peak in the market. We have also used this downcycle to renew and expand our fleet of bulk carriers at competitive prices from Japanese shipbuilders. We entered 2021 with a fleet of 14 modern 58 000 dwt – 64 000 dwt supra- and ultramax vessels. On the offshore side, there has also been challenging markets, but some of our units have been on longer term contracts with acceptable terms. We have sold or scrapped our old shuttle tankers, invested in two modern PSVs, renewed many of our barges and upgraded our crane vessel. We continue our ship management activities in Canada.

In 2021 the bulk shipping markets finally turned upwards with rising charter rates and ship values. The strong market continues in 2022, and the fundamentals indicate that the market will stay strong for a while. On the offshore side the market is still challenging, but there are positive signs and rising optimism. With a solid balance sheet, experienced management, dedicated employees and a modern fleet, we are well positioned for the future.

When Knut N.T. Ugland turned 35 years old in October 2021, the supervisory board and trustee arrangement ceased and the voting rights to the shares were released to him. He was well prepared to take over the helm and is now in charge of the J.J. Ugland companies as an active owner.

It has been a pleasure to serve as a trustee for the owner during this 11 years period and contribute to a smooth transition between J.J. Ugland and his grandson. The board of directors has been reelected by Knut N.T. Ugland and continues with the undersigned as its Chairman.

Jørgen Lund
Chairman

The J.J. Ugland Companies - AS Uglands Rederi

The J.J. Ugland Companies presently incorporate:

- 36 owned or operated units totalling about 1.3 million deadweight tonnes.

The operated fleet includes 14 bulk carriers, 1 icebreaking special bulk carrier, 2 shuttle tankers, 2 PSVs, 12 barges, 2 tugs, 1 crane vessel, 1 product tank vessel and 1 cargo and passenger ferry.

- A commercial pool for their fleet of supramax/ultramax bulk carriers based on charter agreements for the transportation of iron ore, coal/coke, cement/clinker, grain, alumina, steel, scrap, salt and other commodities.

- A technical and commercial operation complying with the ISM-code, ISPS-code, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

- A strong customer base in the offshore industry for their barge fleet and the self-propelled heavy lift crane vessel Uglen.

- AS Nymo with a proven track record in engineering, procurement and construction (EPC) of modules and equipment for the offshore industry.

- A fully integrated and professionally managed organisation in Norway and in St. John's, Canada.

The Board:



Jørgen Lund
Chairman



Knut N.T. Ugland
Deputy Chairman



Peter D. Knudsen



Øyvind R. Boye



Bjørn Bodding

FROM THEIR HEADQUARTERS LOCATED AT VIKKILEN
IN GRIMSTAD, NORWAY, THE FAMILY OWNED
AS UGLANDS REDERI, FOUNDED IN 1930, AND
ITS SUBSIDIARIES PROVIDE WORLDWIDE SHIPPING
SERVICES

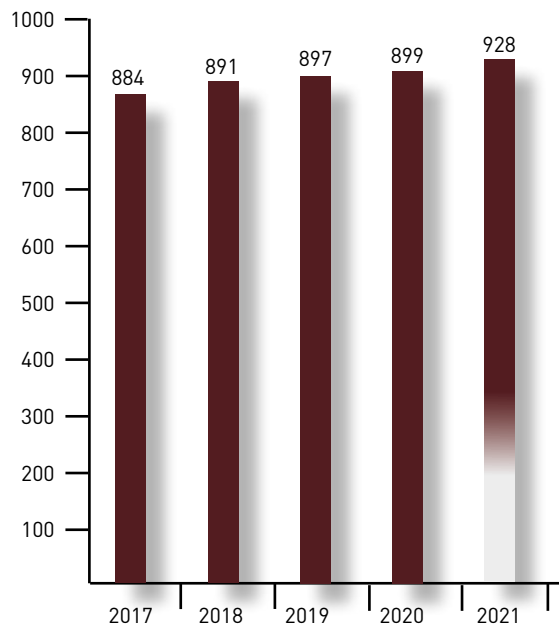
The Board of Director's Report

Introduction

From its headquarters in Grimstad, Norway, the family-owned AS Uglands Rederi and its subsidiaries provide worldwide shipping services. At the end of 2021, the company's fleet comprised 36 owned or operated units with an aggregate tonnage of 1.3 million deadweight tonnes – and consisted of 14 supramax and ultramax bulk carriers, one icebreaking special bulk carrier, two advanced tankers equipped for offshore bow loading, two platform service vessels (PSVs), 12 sea-going barges, two tugboats, one heavy lift, self-propelled crane vessel, one product tank vessel and one cargo and passenger ferry. A breakdown of the fleet owned by the Group is provided in note 2.

The companies' main objective is to conduct their operations in a sustainable and profitable manner that secures employment and builds confidence and trust with partners, customers and financial institutions from a long-term perspective. This involves a focus on stable income streams, safety, the environment and quality-assurance of operations.

Operating income (NOK million)



Earnings, Finance and Risk

The 2021 financial statements have been prepared based on the going concern assumption.

The figures stated below include both the parent company and its subsidiaries. The 2020 figures are indicated in parenthesis.

In 2021, the company posted operating income of NOK 928 million (899), which includes gain on sale of one barge. Operating expenses totalled NOK 683 million (932). The operating result before depreciation and impairment and reversal of previous impairments (EBITDA) came in at NOK 272 million (85), while the operating result (EBIT) closed on NOK 245 million (-33). Total depreciation and amortisation recognised in the financial statements amounted to NOK 100 million (118). In light of developments in the company's markets, the Board and management have evaluated the need to recognise impairment losses or reverse previous impairment losses on vessels and other property, plant and equipment. The market value is considered higher than the book value for the bulk vessels included in the fleet. For five of the wholly owned bulk vessels for which an impairment has previously been done,

the recoverable value is now considered to be significantly higher than the book value. The previous impairment loss of these vessels, taking into account depreciation, is therefore reversed by a total of NOK 73 million. Market value is also considered to exceed book value for the barge fleet. Net financial items amounted to NOK 13 million (-3). The company's share of the results of the companies UM Bulk AS and Ugland Supplier AS (50 per cent shareholdings), which have investments in respectively bulk carriers and PSVs, are recognised under net financial items. The result for the year before tax and minority interests came in at NOK 259 million (-36). After reversed tax expenses of NOK 3 million and minority interests, the consolidated result for the year closed on NOK 263 million.

The Group has 6 wholly owned supramax bulk carriers and 4 wholly owned ultramax bulk carriers. The earnings from the bulk vessels are affected by market fluctuations. At the beginning of 2021, the market strengthened. This trend continued throughout the first six months of the year and the market was very strong until the autumn. Market developments were linked to significantly

increased activity in the world economy and logistic problems in many ports as a result of the Covid-19 pandemic which tied up vessel capacity. The market corrected down towards the end of the year. Nevertheless, by the end of 2021, bulk vessel rates were significantly higher than they were at the beginning of the year. Measured in USD, the values of the bulk vessels were increasing through 2021 before decreasing somewhat at the end of the year.

The USD weakened against NOK in the first half of the year and strengthened again in the last half of the year, leaving the exchange rate slightly above the exchange rate at the beginning of the year.

In April 2021 the barge UR 5 was sold and delivered to its new owner. The sale resulted in a gain of NOK 15 million.

During 2021, the barge fleet was demerged from Ugland Shipping AS and is owned by the newly founded company Ugland Barge Shipping AS. The heavy lift crane vessel Uglen was sold from Ugland Shipping AS to the newly founded company Ugland Heavylift Shipping AS. Both Ugland Barge Shipping AS and

The Management:



Øystein Beisland
President

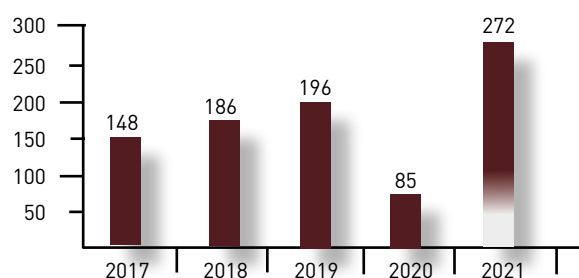


Arnt Olaf Knutsen
Exec. Vice President
Technical & HRM



Halvor Ribe
Exec. Vice President
Finance, Insurance & ICT

EBITDA - Operating results before depreciation (NOK million)



Ugland Heavylift Shipping AS are wholly owned by AS Uglands Rederi and the demerger of the barges and the sale of Uglen from Ugland Shipping AS have thus not affected the consolidated accounts. The operation of the units is handled by Ugland Marine Services AS as before.

Amortisation of loans and investments in vessels totalling NOK 145 million were made during 2021.

Ugland Supplier AS, which is jointly and equally owned by Ugland Offshore AS and a Norwegian co-investor, owns two platform service vessels (PSVs). The owners of Ugland Supplier AS injected a total of NOK 33 million as increased capital during 2021. UM Bulk AS is jointly and equally owned by AS Uglands Rederi and a foreign co-investor. UM Bulk AS owns two supramax bulk carriers and two ultramax bulk carriers. Results from the two associates are recognised under other financial items in AS Uglands Rederi's financial statements.

AS Uglands Rederi and its subsidiaries have satisfactory liquidity, well adapted to the company's activities. The ratio of current assets to current liabilities as at 31.12.2021 was 1.1. Non-current interest-

bearing liabilities comprised NOK 588 million of a total consolidated group balance of NOK 2 584 million.

At NOK 1 576 million, recognised equity constitutes 61 per cent of total assets.

The parent company AS Uglands Rederi posted a profit for the year of NOK 211 933 625. In 2021, a group contribution of NOK 200 000 000 to J.J. Ugland Holding AS was recorded.

Events after the balance sheet date

In 2021, the subsidiary company Ugland Shipping AS has had a dialogue with the Norwegian Tax Administration on the principle of taxation of its activities. The Norwegian Tax Administration raises questions about whether the activities in 2018 and 2019 should have been ordinary taxed rather than taxed under the Norwegian tonnage tax regime. At the end of January 2022, the company has received signals from the Norwegian Tax Administration that a decision will be made that the company should submit a tax return pursuant to the ordinary taxation rules for these years. The company has a different opinion on the issue and is given the opportunity to comment. A final

decision has not been made.

Ugland Bulk Shipping AS was founded on 10.02.2022. On the same day Ugland Bulk Shipping AS bought the fleet of bulk carriers owned by Ugland Shipping AS. Ugland Bulk Shipping AS is wholly owned by AS Uglands Rederi.

Bulk Carriers

All wholly owned bulk carriers are commercially operated by Ugland Bulk Transport AS (a flow through company owned by J.J. Ugland Holding AS, with the trading name UBULK Pool), while Ugland Marine Services AS is responsible for the technical management of the vessels. A breakdown of the fleet is provided in note 2. At the reporting date, the pool operated 10 pool vessels with an average age of about 7.5 years. In 2021, pool revenues totalled NOK 613 million. In addition, Ugland Marine Services AS is responsible for technical and commercial management of the bulk carriers Belita, Olita, Ellenita and Lunita, which are owned by UM Bulk AS.

Historically the bulk fleet has been fixed on long-term charter parties. The weak bulk market over the past few years has made it difficult to source acceptable long-term charter parties for the bulk vessels. Consequently, most of the vessels have over the last years been fixed on short-term charter parties (TCs), pending a recovery in the market. As a consequence of low fleet growth, high demand for raw materials and logistic problems in many ports due to Covid-19, the dry cargo market became very strong in 2021. The market was very strong in the second and third quarters, but

fell back somewhat towards the end of the year. We have been well positioned and have fixed some vessels for short-term periods at high rates, while two vessels were deployed on index rates in 2021. Furthermore, three vessels were fixed on longer TCs at good rates. We are continuously considering additional coverage. The company's long-term objective of achieving a mix of short-term and longer term charter parties remains unchanged.

In 2021, long-term TC agreements were entered into between UM Bulk AS and Ugland Bulk Transport AS for the bulk vessels Olita and Belita. Both vessels are further fixed on three years TC agreements to a very solid charterer.

No delivery of newbuilds nor any sale of vessels have been done in 2021.

The Group has no newbuilds on order as per 31 December 2021.

Tankers/PSV

Canship Ugland Ltd., in St. John's, Newfoundland, has management agreements for one special icebreaking bulk carrier, one cargo and passenger ferry, one product tanker and two tugs operating in Canada, and also two shuttle tankers operating internationally.

The PSV Juanita is on time charter to Equinor until June 2022, with options until June 2024. In connection with the Equinor time charter, a battery/hybrid system has been installed onboard Juanita, making the vessel more energy-efficient and environmentally friendly.

The PSV Evita II was fixed on a time charter contract to PSE Kinsale Energy Limited until June 2021. After a period in the spot market, the vessel was delivered on a time charter to TotalEnergies UK for operation in the UK sector of the North Sea. The contract is for a period of 12 months, together with a 12 months option. An agreement has been signed with Vestland Management AS, Austevoll, for commercial and technical management of the vessel.

Ugland Offshore AS and Ugland Marine Services AS are responsible for the commercial and technical management of Juanita on behalf of Ugland Supplier AS.

Barges & Crane Vessel

The Group's 12 barges and the heavy lift crane vessel Uglen are operated in the Ugland Construction AS pool.

The 2021 sales for the heavy lift crane

vessel Uglen was stable compared to the previous year.

In 2021, the crane vessel Uglen performed assignments along the Norwegian Coast and in the Baltic Sea. In spring 2014 Uglen was refurbished and its lifting capacity upgraded from 600 to 800 tonnes. The upgraded lifting capacity has increased the vessel's market opportunities.

The barges traded in the North Sea, the Baltic Sea and The Gulf of Mexico. The main market areas have been projects related to wind turbines and offshore related projects. The rate level for the barges has been low. The result from operation of the barge fleet has thus been weak. One of our barges has been operating in Mexico for many years. Two of the clients have had payment challenges, and we have chosen to write down receivables totalling NOK 13 million in the 2021 accounts.

Insurance

In 2021, the hull and machinery, hull/freight interest and loss of hire insurances were renewed until 30 November 2022. The P&I insurance expires on 20 February 2023. War risk insurance is covered by Den Norske Krigsforsikring for Skib. The Group has entered into an agreement on directors and officers liability insurance.

The total insurance coverage for the Group's fleet is NOK 4.7 billion.

Organisation, Health & The Environment

Ugland Marine Services AS is the commercial and technical manager of the bulk carriers, one PSV vessel, 12 barges and the heavy lift crane vessel Uglen.

Ugland Marine Services AS owns 100 per cent of the shares in Ugland Marine Management AS, which is the crewing company for the shipping and offshore activities out of Grimstad, and 51 per cent of the shares in Canship Ugland Ltd., which is the technical, administration and crewing company for the Canadian activities.

At the end of 2021, a total of 553 persons were employed in the companies.

Office staff included 55 personnel employed by Ugland Marine Services AS in Grimstad and Stavanger and 23 personnel employed by Canship Ugland Ltd. in St. John's. Around 31 per cent of our total office staff are women. Vacancies are filled with the best qualified individuals, and the same practice is also used





The newly developed Jotun and Kongsberg HullSkater installed on MV Livita in April 2022

to avoid discrimination. The company employed 475 sea-faring personnel including 278 Filipinos, 139 Canadians, 45 Norwegians, 8 Ukrainians, 4 Swedes and 1 from another nation. Crew members' nationalities reflect the vessels' trading area. The company has a long-standing partnership with a Philippine recruitment agency for vessels trading in international waters. The seafarers are employed on contracts complying with approved wage agreements in their respective countries.

The Group has procedures and guidelines allowing employees to report any censurable conditions without fear of reciprocity. All reported matters are followed up through a specific investigation. If the investigation confirms the existence of censurable conditions, remedial actions will be implemented. Reporting routines are implemented based on Norwegian law. The Group has additionally arranged training courses for employees, and introduced routines to prevent corruption. The Group also contributes to measures to prevent money laundering. The Group supports the ten principles of the Global Compact, a UN initiative which focuses on universally sustainable business principles, irrespective of where business is conducted. Important areas covered in the Global Compact include human rights, labour standards, environment and anti-corruption, both within the company and for the company's subcontractors. As a member of the Global Compact, the Group follows the Global Reporting Initiative as a standard for reporting and communicating the Group's work within the ten principles of the Global Compact. The Group's report is published on the website www.jjuc.no.

No vessels were involved in any accidents causing serious damage or injuries, or environmental pollution during 2021. Absence due to illness onboard and onshore amounted to 1.9 per cent and 1.3 per cent respectively. We accord safeguarding of lives, health and the environment the highest priority and continually strive to further reduce the risk of accidents and pollution. One LTI ("Lost-Time-Injury") was reported in 2021, which is above the Group's target.

The Covid-19 pandemic has led to major challenges with crew changes on our vessels. As a result of restrictions in most countries that has affected crew changes, many of our crew members have been onboard beyond their contracts. With great flexibility from all parties, we have nevertheless made it through 2021 with no major problems. Since October 2020, we have participated in an arrangement with a quarantine hotel in Manila. This is to prevent embarking crew members from bringing infection onboard. Our ex-



MV Livita - Work in engine room

perience from this arrangement has been very positive. The Group has followed the authorities' recommendations, and office employees have worked from home offices for long periods.

Shipping is an environmentally friendly mode of transport. Nonetheless, a number of measures can still be implemented to further reduce any negative impacts on the environment. The shipping industry is encountering increasingly stringent environmental requirements and demands from both the authorities and customers. Based on the "Greenhouse Gas Strategy" up to 2050, IMO aims at reducing the carbon intensity by 40 per cent within 2030 and 50 per cent within 2050. Among the measures to be implemented to achieve this goal is the introduction of the Energy Efficiency Existing Ship Index (EEXI) from 01.01.2023. All vessels above 400 gross tonnes fall under this requirement. The index describes CO₂ emissions per tonne mile. Vessels exceeding the requirements must undertake measures or reduce speed. We are in a process where we, together

with the class companies, carry out calculations and assess what gives the best effect in order to comply with the new rules. In parallel with this, a Carbon Intensity Indicator (CII) will also be introduced. Reduced speed and thus consumption (de-rating or engine power limitation of the main propulsion machinery) has been mentioned as a solution to get within the requirements in the first place. Furthermore, it is required to make annual reductions in the years to come. Maintaining a clean hull with the help of High Efficiency Antifouling can result in longer periods of time without speed loss, and combined with the newly developed Jotun and Kongsberg HullSkater, this could prevent growth on the hull for a 5-year period. We will test this, and install a HullSkater on Livita during the next docking in 2022. CII will be an index for how the vessel is operating throughout the year, and not as EEXI which is more in the direction of design and fixed values. The EEXI process is divided into different phases: Assessment, Adap-



UR 95 in Briseno Pier Dock, Mexico

tion, Compliance. The first two must be carried out by October 2022 and the third by the end of 2023. CII will run from 2023 to 2030. The new requirements do not currently apply to PSV vessels.

The company has great focus on the environment and has prepared a dedicated environmental policy and defined procedures and practices to achieve its environmental targets. Every year, we set specific targets designed to prevent or reduce negative impacts on the environment. Harmful emissions and energy consumption are recorded and subsequently accounted for in an annual report. In 2018, we installed a battery/hybrid system onboard PSV Juanita which has reduced the vessel's carbon emissions both in transit and while on DP. The vessel can be connected to onshore power when it is moored at quay. We are monitoring the development of new green technology for the propulsion of vessels. We are also looking at possible measures for our existing vessels. In recent years, the company has invested in new modern bulk vessels with significantly lower fuel oil consumption.

Ugland Marine Services AS, Canship Ugland Ltd. and the vessels are certified according to IMO's "International Ship Management Code" (ISM). The vessels are also certified in compliance with "The International Ship and Port Security Code" (ISPS). Both companies are also certified to ISO 9001:2015 Quality Management, ISO 14001:2015 Environmental Management and ISO 45001:2018 Occupational Health and Safety Management System.



MV Livita in dry dock

Outlook

It has previously been described how the dry bulk market has developed through 2021. The rates have been high, which in turn have led to increased ship values.

At the beginning of 2022, the market has fallen back. In the aftermath of the Chinese New Year, however, the market is showing a rising trend. The order book for dry bulk vessels is historically low and demand for seaborne transport is rising. The Board assumes that the bulk market will remain tight in 2022. The PSV market is weak, but we believe in a gradual improvement in this market through 2022. The barge market has been challenging in 2021. Also 2022 is expected to be a challenging year for the barge fleet.

With our modern and low-mortgaged fleet, the Board of Directors considers the company to be well equipped for the future.

The wholly owned supramax/ultramax dry bulk vessels, most of whose capacity is fixed on short-term time charter parties to reputable charterers, will continue to operate in the Ugland Bulk Transport AS pool. Two of the vessels are chartered out on TC agreements until the end of 2022, while one vessel is fixed on a TC agreement until spring 2023. The contract coverage for the wholly owned bulk vessels for 2022 is approximately 60%.

The four vessels owned by UM Bulk AS have been fixed on long-term TC agreements.

In 2021, long-term TC agreements were entered into between UM Bulk AS and Ugland Bulk Transport AS for the bulk vessels Olita and Belita. Both vessels are further fixed on three years TC agreements to a solid charterer.

The company has utilised the low new-build prices over the past years to order several newbuilds at favourable prices. Sale of the oldest bulk vessels is continuously considered, but given the development of the bulk market, sales must be

considered versus fixing the vessels on TCs at good rates.

Thanks to our fleet of modern, high-quality vessels, we are well positioned, to take advantage of the market, which we expect to be strong over the years ahead. A low order book over the next couple of years gives reason to optimism for the market going forward.

Active efforts are being made to keep control of the vessels' operating expenses, and at the same time focus on quality and limit technical off hire. The challenges with crew changes, costly airfares and Manila quarantine hotel expenses, have resulted in increased crew costs. We expect this to continue as long as the pandemic affects crew changes and docking preparations.

As previously mentioned, the Covid-19 situation has led to major challenges with regards to crew changes. Furthermore, we still experience operational problems as a result of the transition to low sulphur marine fuel. We hope to solve these challenges in 2022 by replacing lubricant oil systems.

The barge fleet is expected to encounter somewhat higher activity in 2022 compared to 2021 due to several contracts within transport of offshore wind turbine components. Four of our barges have been assigned on long-term contracts in this segment. Nevertheless, we also expect 2022 to be a challenging year for the barge fleet. For Uglen, we expect to encounter challenging market conditions in 2022 as well.

The PSV Juanita is contracted to Equinor until June 2022, with options until June 2024. The charter rate is satisfactory given the market conditions for PSV vessels. As mentioned earlier, a battery/hybrid system was installed onboard Juanita in 2018. Evita II was fixed on a time charter contract to PSE Kinsale Energy Limited until June 2021. After operating in the spot market for a while, the vessel was

fixed on a time charter to TotalEnergies UK in October 2021 for operation in the UK sector of the North Sea. The contract is for a period of 12 months, together with a 12 months option. Higher oil prices make us believe in a gradual improvement in this segment in the time to come.

It is too early to assess what consequences the Russian aggression against Ukraine will have for the world's shipping. Energy prices are likely to rise, which in turn could lead to increased investments in offshore oil and gas exploration as well as offshore wind power. On the other hand, the international capital market and global economic growth may be negatively affected. Ugland has none of its vessels in Ukrainian or Russian waters and we do not believe we will experience interruptions in any of our TC contracts as a result of this situation. Should the conflict escalate beyond Ukraine, however, the situation may be different and must then be reconsidered. Like many shipping companies, we employ Ukrainian seafarers, and we have sympathy and concern for the situation of their families.

Our main priorities are safeguarding lives, the environment, vessels and cargo. Long-term relationships, financial solvency and liquidity are also high on our agenda.

Good customer relationships and financial strength, combined with experienced and dedicated employees, make AS Uglands Rederi and its subsidiaries a robust and serious player in their targeted market segments.

The Board of Directors would like to take this opportunity to thank our employees both at sea and onshore for their continued contributions to the safe operation of the company's vessels.

Grimstad, 22 February 2022

Peter D. Knudsen

Jørgen Lund
Chairman

Knut N.T. Ugland
Deputy Chairman

Bjørn Boddling

Øystein Beisland
President

Øyvind R. Boye

The 91st Annual Accounts

Income statement 01.01.-31.12 (NOK)

Consolidated				AS Uglands Rederi	
2021	2020			2021	2020
		NOTE	NOTE		
Operating income					
585 334 699	424 765 863			136 500	133 800
342 983 219	474 541 375			0	0
928 317 918	899 307 238	2		136 500	133 800
Operating expenses					
-384 197 438	-421 686 563	3/8	Salaries	-884 275	-1 169 525
-100 446 172	-117 974 488	4	Ordinary depreciation	0	0
73 264 577	0	4	Reversal of impairment losses	0	0
-271 823 065	-392 435 354		Other operating expenses	-12 319 514	-10 836 735
-683 202 098	-932 096 405		Total operating expenses	-13 203 789	-12 006 260
245 115 820	-32 789 167		Operating result	-13 067 289	-11 872 460
Financial income and expenses					
15 130 171	-13 914 285	6	Result from associated companies	15 134 976	-13 849 343
0	0		Received group contribution/dividends	204 717 435	166 582 244
0	0		Interest income from group companies	10 799 170	16 268 210
4 401 372	9 022 186		Other interest income	4 623 838	8 940 287
9 166 890	21 396 033	13	Other financial income	3 240 200	0
-12 648 783	-16 491 044		Other interest expenses	-12 569 932	-16 484 999
-2 571 479	-3 411 583	13	Other financial expenses	-1 847 718	-9 568 456
13 478 171	-3 398 693		Net financial items	224 097 969	151 887 943
258 593 991	-36 187 860		Operating result before tax	211 030 680	140 015 483
2 595 966	1 181 547	10	Tax on ordinary result	902 945	1 349 738
261 189 957	-35 006 313		Result for the year	211 933 625	141 365 221
1 591 338	-444 265	11	Minority interests		
262 781 295	-35 450 578		Consolidated result for the year		
Information regarding:					
			Transferred to/from retained earnings	11	11 933 625 -18 634 779
			Group contribution	11	200 000 000 160 000 000
			Total disposals		211 933 625 141 365 221

Balance sheet as of 31.12. (NOK)

Consolidated				AS Uglands Rederi	
2021	2020			2021	2020
		NOTE			
			ASSETS		
			Fixed assets		
			Intangible fixed assets		
0	0	10	Deferred tax assets	83 896	0
0	0		Total intangible fixed assets	83 896	0
			Tangible fixed assets		
1 765 552 543	1 722 137 748	4	Vessels and vessel equipment	0	0
2 237 480	2 557 337	4	Other tangible fixed assets	817 034	817 034
1 767 790 023	1 724 695 085		Total tangible fixed assets	817 034	817 034
			Financial fixed assets		
0	0		Investments in subsidiaries	213 384 293	173 354 299
194 666 698	163 286 533	6	Investments/shares in other companies	193 090 286	161 705 303
203 045 453	305 686 341	7	Long-term receivables	580 156 091	784 640 465
397 712 151	468 972 874		Total financial fixed assets	986 630 670	1 119 700 067
2 165 502 174	2 193 667 959		Total fixed assets	987 531 600	1 120 517 101
			Current assets		
			Receivables		
83 641 017	130 873 142	7	Other receivables	220 083 506	166 884 844
83 641 017	130 873 142		Total receivables	220 083 506	166 884 844
			Bank deposits, cash etc.		
334 972 598	271 354 604	9	Bank deposits	106 728 217	12 793 056
418 613 615	402 227 746		Total current assets	326 811 723	179 677 900
2 584 115 789	2 595 895 705		Total assets	1 314 343 323	1 300 195 001

Consolidated				AS Uglands Rederi	
2021	2020			2021	2020
		NOTE			
EQUITY AND LIABILITIES					
Equity					
Paid-in capital					
2 160 610	2 160 610		Share capital (432 122 shares of NOK 5 each)	2 160 610	2 160 610
686 977	686 977		Other paid-in equity	686 977	686 977
Retained earnings					
1 565 832 964	1 686 515 450		Other equity	393 701 989	566 768 364
7 109 284	8 728 036		Minority interests	0	0
1 575 789 835	1 698 091 073	11	Total equity	396 549 576	569 615 951
Liabilities					
Provisions					
1 820 060	4 464 982	10	Deferred tax liability	0	819 049
40 995 334	53 145 297	8	Other provisions	0	0
42 815 394	57 610 279		Total provisions	0	819 049
Other non-current liabilities					
587 877 502	531 710 251	9	Liabilities to financial institutions	587 877 502	531 710 252
587 877 502	531 710 251		Total other non-current liabilities	587 877 502	531 710 252
Current liabilities					
31 473	0	10	Income tax payable	0	0
377 601 585	308 484 102	7	Other current liabilities	329 916 245	198 049 749
377 633 058	308 484 102		Total current liabilities	329 916 245	198 049 749
1 008 325 954	897 804 632		Total liabilities	917 793 747	730 579 050
2 584 115 789	2 595 895 705		Total equity and liabilities	1 314 343 323	1 300 195 001

Grimstad, 31 December 2021

22 February 2022

Peter D. Knudsen

Jørgen Lund
ChairmanKnut N.T. Ugland
Deputy Chairman

Bjørn Bodding

Øystein Beisland
President

Øyvind R. Boye

Cash flow statement (NOK)

Consolidated			AS Uglands Rederi		
2021	2020		2021	2020	
		NOTE			NOTE
Cash flow from operating activities					
258 593 990	-36 187 860		211 030 680	140 015 483	
-15 130 171	13 914 285	6	-15 134 976	13 849 370	6
-17 482	-919 370	10	0	0	10
-15 350 759	-12 112 216		0	0	
100 446 172	117 974 488	4	0	0	
-73 264 577	0	4	0	0	
12 593 277	-17 916 984		-1 486 864	6 480 993	
16 746 065	-24 524 516		38 667 832	-126 538 181	
284 616 515	40 227 827		233 076 672	33 807 665	
Cash flow from investing activities					
17 003 515	175 608 178		0	0	
-21 937 792	-203 046 464	4	0	-160 000	
105 862 754	17 754 894		222 475 427	-120 165 015	
100 928 477	-9 683 392		222 475 427	-120 325 015	
Cash flow from financing activities					
-122 581 939	-30 379 083		-122 581 939	-30 379 083	
162 245 000	167 475 000		162 245 000	167 475 000	
0	0		-40 030 000	0	
-16 250 000	-10 000 000		-16 250 000	-10 000 000	
-345 000 000	-40 000 000	11	-345 000 000	-40 000 000	11
-340 060	-656 600		0	0	
-321 926 999	86 439 317		-361 616 939	87 095 917	
Net change cash and bank deposits					
63 617 994	116 983 752		93 935 160	578 567	
271 354 604	154 370 852		12 793 056	12 214 490	
334 972 598	271 354 604		106 728 217	12 793 056	

Notes to the accounts

Note 1 - Accounting principles

General

The Annual Report and Accounts has been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (Norwegian GAAP).

The Annual Report and Accounts is translated into English for information purposes only.

Consolidation

The consolidated financial statements show the financial position and financial performance of the parent company and its subsidiaries presented as a single economic entity. In the consolidated statements all intercompany transactions and balances have been eliminated.

The consolidated accounts have been prepared in accordance with the same accounting principles for both parent and subsidiaries. Foreign subsidiaries are translated into NOK using the rate of exchange as of 31.12. Translation gain or loss is accounted for as change in consolidated equity.

Operating income/Operating costs

Freight income is recognised at the time of execution, and operating costs are recognised as expenses in the same period as the related income. Costs not related to future income are recorded as expenses as they occur. Allocations for periodical maintenance and classification costs are made over the period up to the actual time of drydocking.

Classification of assets and liabilities

Fixed assets include intangible, tangible and financial assets intended for long-term ownership and use in the business.

Other assets are current assets. Receivables to be paid within a year are always classified as current assets. The same principles are used for the classification of current and long-term liabilities.

Current assets are recognised at the lower of historical cost and net realizable value. Fixed assets are recognised at historical cost, but reduced to net realizable value if and when the reduction is considered permanent.

Foreign exchange

Monetary items in foreign currency are recognised at the rate of exchange as of 31.12.21, which for NOK/USD was 8.82.

As of 31.12.20 the rate of exchange was 8.55.

Fixed assets and depreciation

Fixed assets are valued at acquisition cost

less accumulated depreciation. Fixed assets are depreciated linearly over the estimated economic lifespan, which is 25 years for the bulk carriers, barges and the crane vessel.

Prepaid installments to shipyards for vessels under construction are recognised as fixed assets. Depreciation starts when the newbuild is delivered. Remaining future newbuild installments to shipyards are not recognised as debt on the balance sheet date, but are stated in note 9.

If recoverable amount of the fixed asset is lower than the book value, the asset is written down to recoverable amount. Recoverable amount is the higher of net realizable sales value and value in use. Value in use is the present value of future cash flows that the asset is expected to generate. Previous impairments made are reversed when the recoverable amount is considerably higher than the book value.

Upgrading costs of owned vessels are capitalized and written off over the remaining estimated economic lifespan.

Estimates

When preparing the annual accounts in accordance with Norwegian GAAP, management has used estimates and assumptions that has affected the income statement and the valuation of assets and liabilities, including any contingent assets and liabilities as of the balance-sheet date.

Cash flow

The cash flow statement is prepared under the indirect method.

Shares

Investments in subsidiaries are valued at acquisition cost.

The group and parent company have chosen to make use of the option to recognise investments in associated companies under the equity method. In the accounts of the parent company, the option is also used for associated companies owned through wholly-owned subsidiaries.

Taxes and change in deferred tax

Taxes consist of tax payable on the financial result and changes in deferred tax liability/asset. Deferred tax liability/asset is calculated on temporary differences between values for taxation and those used for financial reporting. Tax-increasing and tax-reducing temporary

differences are netted if they are reversed or reversible in the same period. A net deferred tax asset is only recorded in the balance sheet when utilization is considered probable.

The shipping activity in the Norwegian shipping companies is subject to the Norwegian tonnage tax regime for shipping companies. Under the present regime profits derived from shipping operations are tax exempt on a permanent basis. However, finance income can be taxable according to specific rules. Instead of being subject to ordinary tax on profit, the shipping companies are required to pay a tonnage tax based on the net tonnage of its ship portfolio.

Deferred tax asset related to financial loss carry-forward in shipping companies is not recorded in the balance sheet as there is uncertainty about its future application.

Pension schemes with defined future benefits

Pension costs and pension obligations are estimated and recognised on a straight line basis considering final salary. The calculations are based on a number of criteria such as discount rate, estimated future salary increases, pensions and benefits from National Insurance, future return on pension funds as well as actuarial assumptions related to age of death and voluntary attrition.

Pension funds are recognised at market value and are deducted in net pension obligations in the balance sheet. Adjustments in pension obligations due to pension scheme changes are distributed over anticipated remaining service period. Any adjustments in the obligations and the pension funds caused by changes and deviations in actuarial assumptions (estimate adjustments) are distributed over estimated average remaining service period, provided that the deviations at the beginning of the year exceed 10% of the higher of the maximum gross pension obligations and pension funds.

Contribution pension schemes (Unit Link)

Contributions paid are 3-5 percent of salaries between 0G and 7.1G and 8-15 percent of salaries between 7.1G and 12G. (G=statutory basic amount, currently NOK 106 399).

Operating pension schemes

Liabilities related to operating pension schemes are calculated using the same assumptions as for the defined benefit scheme and are recorded as pension obligations in the balance sheet.

Note 2 - Fleet / Sales revenue per area of activity

	Year built	DWT	Owner	% Share	Employment
Supramax and Ultramax					
Bulk carriers					
SENORITA	2008	58 663	Ugland Shipping AS	100	Pool
CARMENCITA	2009	58 773	Ugland Shipping AS	100	Pool
ISABELITA	2010	58 080	Ugland Shipping AS	100	Pool
BONITA	2010	58 105	Ugland Shipping AS	100	Pool
KRISTINITA	2011	58 105	Ugland Shipping AS	100	Pool
STAR NORITA	2012	58 097	Ugland Shipping AS	100	Pool
LIVITA	2017	63 532	Ugland Shipping AS	100	Pool
JORITA	2019	63 532	Ugland Shipping AS	100	Pool
SARITA	2019	63 597	Ugland Shipping AS	100	Pool
FERMITA	2020	60 480	Ugland Shipping AS	100	Pool
Barges					
UR 7	1999	9 750	Ugland Barge Shipping AS	100	Pool
UR 8	1999	9 750	Ugland Barge Shipping AS	100	Pool
UR 93	2001	9 040	Ugland Barge Shipping AS	100	Pool
UR 95	2001	9 025	Ugland Barge Shipping AS	100	Pool
UR 96	2008	9 025	Ugland Barge Shipping AS	100	Pool
UR 97	2008	9 025	Ugland Barge Shipping AS	100	Pool
UR 98	2011	9 025	Ugland Barge Shipping AS	100	Pool
UR 99	2011	9 025	Ugland Barge Shipping AS	100	Pool
UR 141	1993	14 011	Ugland Barge Shipping AS	100	Pool
UR 171	2011	16 800	Ugland Barge Shipping AS	100	Pool
UR 901	2013	9 019	Ugland Barge Shipping AS	100	Pool
UR 902	2013	9 019	Ugland Barge Shipping AS	100	Pool
Crane vessel					
UGLEN	1978	2 600	Ugland Heavylift Shipping AS	100	Pool

Sales revenue per area of activity	Consolidated 2021	Consolidated 2020
Shuttle tanker	0	72 740 908
Bulk carriers	526 158 015	290 076 187
Barges and crane vessel	28 799 922	33 248 255
Gain on sale of vessels/barges	15 350 759	12 112 216
Invoiced vessel costs/Management fee	358 009 222	491 129 672
	928 317 918	899 307 238

The shuttle tanker operated in the North Sea.

The barges and the crane vessel mainly traded in the North Sea.

Income from the bulk carriers was generated world-wide.

The main part of the Invoiced vessel costs/Management fee refers to ship management in the Canadian subsidiary company where the operating expenses for vessels on management are invoiced the ship owners.

Note 3 - Salaries, number of employees and remuneration

Salaries etc.	Parent Company 2021	Parent Company 2020	Consolidated 2021	Consolidated 2020
Salaries	775 000	1 025 000	306 468 988	352 807 506
Employment duty	109 275	144 525	22 860 314	23 228 206
Other salary related costs	0	0	35 283 141	29 062 362
Pension costs	0	0	19 584 995	16 588 489
	884 275	1 169 525	384 197 438	421 686 563

(2020 figures in brackets)	
Average full time employees - office	75 (76)
Average full time employees - seafarers	531 (637)

The president receives his salary from the subsidiary Ugland Marine Services AS. The president and board members do not have share based remuneration, bonus or severance pay. Pension benefits are accounted for in note 8.

Salaries etc. to the President and Board of Directors	President	Board of Directors
Salaries	2 628 424	775 000
Other benefits	11 545	0

Auditor
Auditor's remuneration (exclusive of VAT) from the parent company was NOK 133 200 (consolidated 932 905). In addition, the auditor received fees related to tax consultancy and accounting advice in the amount of NOK 41 500 (consolidated 456 300) and NOK 60 500 (consolidated NOK 156 500) respectively. In addition NOK 33 057, consolidated, was remunerated for other certifications.

Note 4 - Tangible fixed assets - vessels, vessels under construction and barges / Tenancy agreements

	Parent Company	Consolidated		
	Other Assets	Vessels	Other Assets	Total
Cost price 01.01.	817 034	2 580 669 134	11 486 598	2 592 155 732
Additions	0	21 502 128	435 664	21 937 792
Disposals	0	-20 090 694	-1 528 495	-21 619 189
Currency adjustments	0	0	1 498	1 498
Cost price 31.12.	817 034	2 582 080 569	10 395 264	2 592 475 833
Acc. depreciation and impairment	0	-816 528 027	-8 157 784	-824 685 811
Book value 31.12.	817 034	1 765 552 542	2 237 481	1 767 790 023
Depreciations 2021	0	99 699 155	747 017	100 446 172
Reversal of impairment	0	-73 264 577	0	-73 264 577

Tenancy agreements

AS Uglands Rederi and its subsidiaries have three long-term office tenancy agreements. Total rent recorded through the year was NOK 5 180 407.

Note 5 - Shares in subsidiaries

	Office	Ownership and voting share	Book Value
Ugland Shipping AS	Grimstad	100%	130 630 500
Ugland Offshore AS	Grimstad	100%	124 023
Ugland Barge Shipping AS	Grimstad	100%	19 519 500
Ugland Heavylift Shipping AS	Grimstad	100%	40 030 000
Ugland Marine Services AS	Grimstad	100%	23 080 270
Total			213 384 293

Note 6 - Shares and ownership interests in other companies

Company	Office location	Ownership share	Book Value 01.01.	Additions/ disposals 2021	Share of result after tax	Book Value 31.12
Associated companies:						
UM Bulk AS	Grimstad	50%	73 515 588	0	15 353 538	88 869 127
Ugland Supplier AS	Grimstad	50%	88 189 721	16 250 000	-218 562	104 221 159
Total parent company			161 705 303	16 250 000	15 134 976	193 090 286
Associated company:						
11030 Newfoundland Inc.	Canada	45.34%	1 581 218	0	-4 806	1 576 412
Total consolidated			163 286 533	16 250 000	15 130 171	194 666 698

Associated companies are recognised under the equity method.

Note 7 - Receivables, liabilities and related party transactions

	Parent Company		Consolidated	
	2021	2020	2021	2020
Pension funds	0	0	16 926 863	22 671 129
Receivables associated companies	155 448 589	252 930 213	155 448 590	252 930 213
Receivables subsidiaries	424 707 502	531 710 252	0	0
Other receivables falling due after one year	0	0	30 670 000	30 085 000
Total long-term receivables	580 156 091	784 640 465	203 045 453	305 686 342
Other receivables				
Short-term receivables to related parties	0	0	1 058 446	18 552 911
Group contribution from susidiary company	204 717 435	166 582 244	0	0
Short-term receivables in Canship Ugland Ltd.	0	0	68 557 838	72 237 089
Other short-term receivables	366 071	302 600	14 024 733	40 083 142
Short-term receivables subsidiary company	15 000 000	0	0	0
Total other receivables	220 083 506	166 884 844	83 641 017	130 873 142
Other short-term liabilities				
Group contribution to parent company	-200 000 000	-160 000 000	-200 000 000	-160 000 000
Short-term debt to related parties	-127 895 110	-36 862 493	-49 448 521	-25 529 152
Accounts payable and accrued expenses	0	0	-46 660 190	-54 890 407
Advanced payments from customers - technical management	0	0	-37 192 661	-35 068 966
Salaries and holiday pay owed	-1 141 000	-1 141 000	-18 673 226	-19 220 642
Other short-term debt	0	0	-11 780 335	-608 823
Public taxes and tax deductions	0	0	-9 542 797	-8 319 570
Accrued interest expenses	-880 135	-46 256	-4 303 856	-4 846 542
Total other short-term liabilities	-329 916 245	-198 049 749	-377 601 585	-308 484 102

Note 7 - Receivables, liabilities and related party transactions (continued)

Related parties - transactions	Parent Company		Consolidated	
	2021	2020	2021	2020
Income				
Ugland Marine Services AS - rental income	136 500	133 800	0	0
Ugland Bulk Transport AS - freight income	0	0	526 158 014	287 424 782
Ugland Construction AS - freight income	0	0	28 799 922	33 248 255
J.J. Ugland Holding AS - administration fee	0	0	2 139 000	2 086 500
Vikkilen Industri AS - administration fee	0	0	1 740 000	1 698 000
J.J. Ugland AS - administration fee	0	0	1 740 000	1 698 000
Ugland Kapital AS - fee	0	0	1 000 000	0
Ugland Bulk Transport AS - other fees	0	0	21 169 262	19 168 958
Ugland Construction AS - other fees	0	0	9 207 500	9 531 555
AS Nymo - other fees	0	0	2 610 000	2 546 740
Ugland Supplier AS - administration fee	0	0	3 064 272	3 020 088
UM Bulk AS - other fees	0	0	10 265 330	9 578 156
UM Bulk AS - interest income	4 563 185	8 876 705	4 563 185	8 876 705
J.J. Ugland Holding AS - interest income	0	0	99 159	257 291
Ugland Construction AS - interest income	0	0	99 593	129 859
Expenses				
Ugland Marine Services AS - administration fee	-12 000 000	-10 500 000	0	0
Ugland Marine Services AS - interest income	-541 082	-170 534	0	0
J.J. Ugland AS - rent	0	0	-3 135 666	-3 084 000
Ugland Bulk Transport AS - interest expenses	0	0	-543 777	-715 326

Note 8 - Provisions and pensions

	Consolidated	
	2021	2020
Provisions for maintenance and classification	40 643 330	47 261 329
Pension obligations	352 004	5 883 968
Total	40 995 334	53 145 297

The parent company has no employees and therefore no obligations under the compulsory company pension act. Subsidiaries with a staff have a pension scheme which entitles 64 employees to receive defined future pension benefits. Additionally, 83 employees in Norway have joined a contribution pension scheme (Unit Link). All pension schemes are covered through an insurance company and comply with the regulations set forth in the pension act. As from now, pension schemes with defined future benefits are closed and future shore based employees will join the contribution pension scheme (Unit Link). One subsidiary company also has an operating pension scheme agreement.

In addition, a contribution pension scheme (Unit Link) has been entered into for 162 Canadian employees.

Note 8 - Provisions and pensions (continued)

	Consolidated	
	2021	2020
Service costs	2 221 761	2 252 178
Interest cost on pension obligations	2 349 871	2 646 330
Expected return on pension funds	-3 941 032	-5 380 041
Amortisation of actuarial gain/loss	5 134 848	4 885 479
Administration costs	847 291	834 165
Payment to contribution pension scheme	11 881 484	10 459 256
Social security tax	1 090 772	891 122
Net pension costs	19 584 995	16 588 489

	2021	2020
Pension obligations operating pension schemes		
Projected pension obligation as of 31.12.	-506 429	-6 043 098
Unrecognised actuarial gain/loss	197 924	886 245
Social security tax	-43 499	-727 116
Recognised gross pension obligation	-352 004	-5 883 968

	2021	2020
Accrued pension obligations as of 31.12.	-158 024 515	-153 949 381
Pension scheme assets as of 31.12.	134 877 061	131 851 473
Unrecognised actuarial gain/loss	40 074 317	44 769 037
Net pension fund as of 31.12.	16 926 863	22 671 129

Net pension funds are included under long-term receivables in the balance sheet.

Actuarial assumptions	2021	2020
Discount rate	1.50%	1.50%
Assumed return on pension funds	2.90%	3.00%
" salary increase	2.25%	2.00%
" statutory basic amount increase (cf note 1)	2.00%	1.75%
" pension benefit increase	1.20%	1.20%

Estimated voluntary attrition before retirement age is 0-8% for employees under 50 years and zero after 50 years. The actuarial assumptions are based on demographic factors normally used within the insurance industry.

Note 9 - Mortgage liabilities/Guarantees/Pledged assets

Liabilities secured by mortgage	Consolidated
Liabilities to financial institutions	587 877 502
Book value of pledged assets	910 370 277

Future income and insurances related to mortgaged assets are pledged as security for liabilities to financial institutions. NOK 102 900 012 of the group long-term liabilities to financial institutions fall due after 31.12.2026.

The company's loan agreements includes minimum value clause, minimum liquidity and minimum equity requirements. Debt to financial institutions are denominated in USD, with interest rate being the sum of a fixed margin and USD LIBOR 6M.

	Consolidated				
	2022	2023	2024	2025	2026
Debt due	48 358 102	48 358 102	48 358 102	48 358 102	291 545 082

Restricted consolidated bank deposits as of 31.12.2021 amounted to NOK 4 047 650.

Note 10 - Taxes

	Parent Company		Consolidated	
	2021	2020	2021	2020
Current year's tax expense				
Tax payable	0	0	48 955	164 661
Change deferred tax	-902 945	-1 349 738	-2 644 922	-1 346 208
Income tax expense	-902 945	-1 349 738	-2 595 966	-1 181 547
Tax payable as of 31.12.				
Recognised tax payable	0	0	48 955	164 661
Prepaid tax Canada	0	0	-17 482	-164 661
Tax payable as of 31.12.	0	0	31 473	0
Reconciliation of effective rate and applicable corporate tax rate				
Result for the year before tax	211 030 680	140 015 483	258 593 991	-36 187 860
Expected income tax, nominal tax rate	46 426 750	30 803 406	56 890 678	-7 961 329
Tax effect of the following items				
Non-deductible expenses/non-taxable income	-48 367 530	-33 601 238	-59 535 599	6 745 261
Withholding tax paid	0	0	17 482	34 519
Group contributions	1 037 836	1 448 094	0	0
Tax on financial result shipping company	0	0	31 473	0
Tax expense	-902 945	-1 349 738	-2 595 966	-1 181 547

Specification of change in deferred tax:	Parent Company		Consolidated	
	2021	2020	2021	2020
Deferred tax 01.01.	819 049	2 168 787	4 464 982	5 811 190
Change recognised in income statement	-902 945	-1 349 738	-2 644 922	-1 346 208
Deferred tax/tax asset 31.12.	-83 896	819 049	1 820 060	4 464 982

Specification of tax asset/liability effect of temporary differences	Parent Company		Consolidated			
	2021	2020	2021		2020	
	Tax Assets	Tax Liabilities	Tax Assets	Tax Liabilities	Tax Assets	Tax Liabilities
Tangible fixed assets	0	0	-206 431	0	-57 239	0
Pension obligations / funds	0	0	0	16 574 859	0	16 787 161
Unrealised currency gain/loss	11 356 024	21 694 259	0	11 356 024	0	21 694 259
Tax loss carry-forward Canada	0	0	-4 921 012	0	0	0
Tax loss carry-forward Norway	-11 737 369	-17 971 308	-11 846 261	0	-18 128 819	0
Total 31.12	-381 345	3 722 951	-12 052 692	27 930 883	-18 186 058	38 481 420
Net deferred tax asset/liability (22%)	-83 896	819 049		1 820 060		4 464 982

Under the Norwegian tonnage tax regime for shipping companies, tax is paid on finance income and high equity ratio according to special rules and defined limits. Instead of ordinary tax on income earned, the company pays a tonnage tax which is recorded as an ordinary operating expense. The tonnage tax of NOK 1 122 665 [2020: NOK 1 250 823] is recognised in the consolidated accounts and classified as an ordinary operating expense.

Reference is also made to note 14.

Note 11 - Equity

	Share Capital	Other Paid-in Equity	Other Equity	Minority Interests	Total
Parent Company					
Equity 31.12.20	2 160 610	686 977	566 768 364	0	569 615 951
Result for the year	0	0	211 933 625	0	211 933 625
Group contribution/dividend	0	0	-385 000 000	0	-385 000 000
Equity 31.12.21	2 160 610	686 977	393 701 989	0	396 549 576
Consolidated					
Equity 31.12.20	2 160 610	686 977	1 686 515 450	8 728 036	1 698 091 073
Result for the year	0	0	262 781 295	-1 591 338	261 189 957
Group contribution/dividend	0	0	-385 000 000	-340 060	-385 340 060
Currency adjustments	0	0	1 536 219	312 646	1 848 865
Equity 31.12.21	2 160 610	686 977	1 565 832 964	7 109 284	1 575 789 835

AS Uglands Rederi's shareholders

The share capital consists of 432 122 shares with a total nominal value of NOK 2 160 610. All shares have equal rights.

Shares owned directly and indirectly:	
J.J. Ugland Holding AS	389 961 shares
Knut N. T. Ugland	42 161 shares
Total	432 122 shares

J.J. Ugland Holding AS owns 90.24% of the shares in AS Uglands Rederi and prepares its own consolidated accounts.

Note 12 - Financial market risks / Financial instruments

AS Uglands Rederi and its subsidiaries are only to a limited extent exposed to fluctuations in exchange rates since the debt, operating income and most of the expenses are in USD. In the second-hand market the bulk vessels are valued in USD.

The parent company has entered into an interest rate swap agreement related to a loan with USD 15 000 000 outstanding as per 31.12.2021, in order to secure future interest payments until 2025. The market value of this contract is NOK 3 519 718 as per 31.12.2021. This effect has not been recorded in the balance sheet at year end.

In order to secure future USD exchanges against NOK, the subsidiary Ugland Shipping AS has entered into currency option agreement and forward contracts amounting to USD 10 200 000 in total, in the period up to 2023. The market value of these contracts is NOK 3 933 269 as per 31.12.2021. This effect has not been recorded in the balance sheet at year end.

Note 13 - Other financial items

	Parent Company		Consolidated	
	2021	2020	2021	2020
Currency loss (disagio)	0	-6 314 359	-107 793	0
Other financial items	-1 847 718	-3 254 097	-2 463 686	-3 411 583
Other financial expenses	-1 847 718	-9 568 456	-2 571 479	-3 411 583
Currency gain (agio)	3 071 800	0	0	21 375 009
Other financial items	168 400	0	9 166 890	21 024
Other financial income	3 240 200	0	9 166 890	21 396 033

Note 14 - Events after the balance sheet date

In 2021, the subsidiary company Ugland Shipping AS has had a dialogue with the Norwegian Tax Administration on the principle of taxation of its activities. The Norwegian Tax Administration raises questions about whether the activities in 2018 and 2019 should have been ordinary taxed rather than taxed under the Norwegian tonnage tax regime. At the end of January 2022, the company has received signals from the Norwegian Tax Administration that a decision will be made that the company should submit a tax return pursuant to the ordinary taxation rules for these years. The company has a different opinion on the issue and is given the opportunity to comment. A final decision has not been made.

Should the Norwegian Tax Administration prevail with its view, it will affect the company's tax position. The financial consequences of the Norwegian Tax Administration's view are being investigated. As of 31.12.2021, the group has recognised NOK 1 820 060 in deferred tax liabilities. Preliminary calculations indicate a significant increase in the company's deferred tax.



RSM Norge AS

To the General Meeting of AS Uglands Rederi

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Independent Auditor's Report

Opinion

We have audited the financial statements of AS Uglands Rederi showing a profit of NOK 211 933 625 in the financial statements of the parent company and a profit of NOK 261 189 957 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company AS Uglands Rederi (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of AS Uglands Rederi and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report

THE POWER OF BEING UNDERSTOOD
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RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av/is a member of Den norske Revisorforening.

continued



Independent Auditor's Report 2021 for AS Uglands Rederi

otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Arendal, 25 February 2022
RSM Norge AS

Johan Bringsverd
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Operated Fleet as of June 2022

Supramax and Ultramax Bulk Carriers		
Vessel Name	DW tonnes	Year built
MV BELITA	60 479	2017
MV BONITA	58 105	2010
MV CARMENCITA	58 773	2009
MV ELLENITA	57 501	2015
MV FERMITA	60 480	2020
MV ISABELITA	58 080	2010
MV JORITA	63 532	2019
MV KRISTINITA	58 105	2011
MV LIVITA	63 532	2017
MV LUNITA	57 572	2014
MV OLITA	60 495	2017
MV SARITA	63 597	2019
MV SENORITA	58 663	2008
MV STAR NORITA	58 097	2012
MV UMIAK 1 *)	31 992	2006
15 Vessels	869 003	

Tankers		
Vessel Name	DW tonnes	Year built
MT HEATHER KNUITSEN *)	148 644	2005
MT JASMINE KNUITSEN *)	148 706	2005
NORTH ATLANTIC KAIROS *)	3 569	2008
3 Vessels	300 919	

PSV			
Vessel Name	Deck Area	DW tonnes	Year built
MV EVITA II **)	1 005 m ²	5 433	2012
MV JUANITA	1 016 m ²	5 456	2014
2 Vessels		10 889	

Tugs / Cargo and passenger ferry		
Vessel Name	DW tonnes	Year built
PLACENTIA PRIDE *)	N/A	1998
PLACENTIA HOPE *)	N/A	1998
NORTHERN RANGER *)	662	1986
3 Vessels	662	

*) Managed by Canship Uglund Ltd. **) Managed by Vestland Management AS

Operated Fleet as of June 2022 continued

HLV & Barges		
Vessel Name	DW tonnes	Year built
HLV UGLEN 800 t crane	2 600	1978
Barge UR 7	9 750	1999
Barge UR 8	9 750	1999
Barge UR 93	9 040	2001
Barge UR 95	9 025	2001
Barge UR 96	9 025	2008
Barge UR 97	9 025	2008
Barge UR 98	9 025	2011
Barge UR 99	9 025	2011
Barge UR 141	14 011	1993
Barge UR 171	16 800	2011
Barge UR 901	9 019	2013
Barge UR 902	9 019	2013
13 Units	125 114	
Total Operated Fleet	36 units	1 306 587 dwt

THE MAIN PRIORITIES FOR OUR TEAM OF PROFESSIONALS ARE TO ENSURE THE SAFETY AND SECURITY OF LIFE, THE ENVIRONMENT, VESSEL AND CARGO. IN ADDITION, EMPHASIS IS PLACED ON LONG-TERM RELATIONSHIPS, SOLIDITY AND STRONG LIQUIDITY



FK Jerv promoted to Norwegian Premier League

2021 would prove to be a truly historical and memorable year for the local football club in Grimstad, FK Jerv. The club, which The J.J. Uglund Companies had been the main sponsor for over the last two decades, celebrated its 100 years anniversary in 2021. In the same year the club made an historical achievement when they won promotion to the Norwegian Premier League, for the first time in its his-

tory, in the most dramatic fashion ever seen in Norwegian football.

To put this achievement in some more perspective, FK Jerv had been a club which had been playing in the 3rd and 4th league for several seasons before making the step up to the 2nd league in 2015. Since then, they played in the 2nd league, out of those seasons

they managed to reach the play-off finals for the Norwegian Premier League (NPL) twice, however never succeeding to win and take the last step up to the main stage of Norwegian football. 2021 would prove to be the year when FK Jerv finally made the last step, and in its 100 years anniversary beat top-flight team SK Brann, Bergen on penalty shootout.



Ready for kick off Jerv versus Strømsgodset in Jerv's first ever match in the premier league

FK Jerv finished the season in third place which meant the third chance to make it to the NPL through play-offs. After beating KFUM on the home ground in J.J. Ugland Stadium Levermyr on penalties, the team prepared to meet SK Brann, Bergen in a single play-off final in Oslo on December 15th 2021. SK Brann was big favourites before the game and during parts of the match they showed their

qualities, however FK Jerv scored the first goal of the match and Jerv's goalkeeper made two (!) penalty saves. After 90 minutes played the score was 1-1 and extra time needed to decide the game. Only 1 minute into the extra time Brann received a red card and Jerv scored on the penalty giving them the upper hand. 6 (!) goals were scored during the extra time, which was extremely nerve wrecking.

Jerv was leading most of the time, however a goal scored in the last minute by Brann secured 4-4 and a penalty shootout to decide the winner.

After 18 penalties, Jerv could finally celebrate the great achievement as they won the shoot-out 8-7 and the atmosphere in the stadium was ecstatic.



Top and below: players and coaching staff celebrating promotion, Photo: Jan Skaregrøm

Entering into the Norwegian Premier League is a huge step up for a club like Jerv. Preparations have been ongoing since the promotion in December to meet strict requirements related to stadium facilities and capacity and the team preparing for the first tough season at the highest level in Norway. Jerv is a club based on volunteers to a large extent and has by far the smallest administration in the league. The team is expected to have a tough season by all experts, however as Jerv has

managed to establish themselves on a higher level in the previous years, hopes are definitely to stay away from relegation and keep the spot in the highest league.

The first match ever played at the highest level in Grimstad was against Strømsgodset in the beginning of April. The stadium was fully sold out a few days before the game and the excitement could be felt before the game. Strømsgodset is a well-established top

tier club and during parts of the game they showed their quality, but the Jerv team fought hard. After 70 minutes played, Jerv scored their first goal ever in the top division and the stadium exploded in joy. The last 20 minutes was again nerve-wrecking, but Jerv managed to keep the score 1-0 and won the first game of the season. This gives both the team, club and town hopes for the rest of the season to keep the team up and at the same time many more exciting games to look forward to in this historical season.



Corporate Social Responsibility

Global Compact - Communicating on Progress

AS Uglands Rederi has traditionally had and has a strong focus on sustainable business practice. Safety has always been the number one priority, but other key elements such as environmental and social impact as a consequence of conducting our business receive increased focus. Knowing that company activities affect society in many ways, and that the company is affected by its surroundings, it is important for AS Uglands Rederi to contribute to creating and maintaining a

positive and sustainable shipping environment.

As a consequence of the above, AS Uglands Rederi joined the UN Global Compact during 2012. The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. This has

been integrated, as part of the AS Uglands Rederi company policy, and the corporate culture.

As a member of this initiative an annual "Communication on Progress" is required, and has been submitted, which is available on the Global Compact website. This is a public disclosure to stakeholders on progress made in implementing the ten principles.

The UN Global Compact ten principles

HUMAN RIGHTS		(GRI Reference)
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	G4-HR 3, 5
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	G4-HR 3, 5
LABOUR STANDARDS		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	G4-10, 11, G4-LA 1,
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour;	G4-HR 3, 4
Principle 5	Businesses should uphold the effective abolition of child labour;	G4-HR 3, 4
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	G4-10, 11 G4-LA 1, G4-HR 3
ENVIRONMENT		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility; and	G4-EN-3, 6, 8, 15*, 19*, 21*, 23, 24
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	
ANTI-CORRUPTION		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	G4-SO 3

* Partly reported ** Note, GRI reference above are standard disclosures and core elements only



Implementation of the UN Global Compact ten principles 2021

The most important corporate social engagement is to provide a safe, sustainable and long term business and work environment for the employees, business partners and the local community. AS Uglands Rederi (UR) supports several initiatives in various communities, believing that social engagement in communities where business is conducted, contributes to creating shared value for both the company and society as a whole. UR is engaged in different social activities both in Norway and in the Philippines, seeking to continually renew and improve its approach to the local community.

In accordance with ISO standards, efforts to ensure continuous improvement in safety and environmental performance remain points of focus. Reducing energy consumption, thereby reducing emissions, and seeking environmentally friendly technologies are important, both for the company and its stakeholders.

Examples of focus areas and programs 2021 (continued from 2020):

- Reduction of garbage volume to shore through use of garbage compactor

- Increase sludge delivery to shore facilities; reduced incineration
- Participate in client fuel reduction incentive program
- Optimization of shore power connection and time for one of the PSV's and the HLV
- Continuous focus on reducing paper usage, through digitalized newspapers, magazines, and digitalizing filing archive (office)
- Evaluate and together with supplier chose environmentally friendly cleaning products (office)
- IMO 2020 Low Sulphur fuel transition/ consequence for vessels and disconnect office oil furnace
- IMO 2023 EEXI and CII measures in place to reduce carbon intensity and able to trade internationally

UR supports and respects the protection of internationally proclaimed human rights, and as a consequence, the Supplier Declaration process remains in use (a questionnaire to suppliers related to Quality, Environment, Social Responsibility, Transparency and Health & Safety). The supplier declaration provides guid-

ance when choosing suppliers identifying those that support a precautionary approach to environmental and social challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies. UR through policy and procedures strives not to contribute to any kind of forced labour, child labour and discrimination in respect of employment, occupation, gender, age and culture.

UR procedures and guidelines related to averting corruption through gifts remain a focus point especially onboard the vessels.

UR continues to collaborate with The Norwegian Shipowners' Association in combating corruption on specific cases as they arise.

The J.J. Uglund Companies

www.jjuc.no

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